GOVERNMENT OF INDIA
COMPANY AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:3691
ANSWERED ON:27.04.2007
MISUTILISATION OF LOANS BY COMPANIES
Pradhan Shri Dharmendra;Shukla Smt. Karuna

Will the Minister of COMPANY AFFAIRS be pleased to state:

(a) whether the Government has received any complaints against certain companies which have misutilised loans taken from Indian Financial Institutions and banks in the country;

(b) if so, the details thereof;

(c) whether the Government has taken any action against such companies; and

(d) if so, the details and outcome thereof?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMPANY AFFAIRS (SHRI PREM CHAND GUPTA)

(a) Yes, Sir.

(b) Industrial Finance Corporation of India (IFCI) had complained before the Company Law Board (CLB) against certain companies alleging mis-utilisation of loans availed from the IFCI.

(c) & (d) On the complaint of IFCI, the CLB ordered investigation into the affairs of M/s Malvika Steels Ltd., M/s Koshika Telecom Ltd. and M/s Usha India Ltd.

Separately, the allegations of mis-utilisation of funds availed, inter alia, from banks and financial institutions by some of the companies belonging to the Ketan Parekh Group also came to the notice of the Government.

Investigations of the above companies, including 16 companies belonging to the Ketan Parekh Group (as per Annex), were ordered to be carried out by officers drawn from Serious Fraud Investigation Office (SFIO), under the provisions of the Companies Act, 1956.

In all the above cases, the relevant investigation reports have since been received and sanctions for prosecutions under various provisions of the Companies Act, 1956 and Indian Penal Code have been accorded. SFIO has also filed complaints in the matter before the appropriate courts.

In addition, the copies of the investigation reports have been forwarded by the Ministry of Company Affairs to SEBI, CBI, Income Tax Department, Enforcement Directorate, Department of Banking, Ministry of Finance, RBI etc. as appropriate, for action under their respective statutes.